



Professional Ethics and the Implications of Emerging Technology

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Introductions



Michael Hoffner,
CPA
Managing Partner



Janice Snyder, CPA
Partner & Director of
Assurance

Firm Overview

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Agenda

- AICPA Ethical Framework – Code of Professional Conduct
- Real Life Examples of AI and Automation
- Emerging Ethical Considerations
- Questions



AICPA Ethical Framework



AICPA Ethical Framework

References

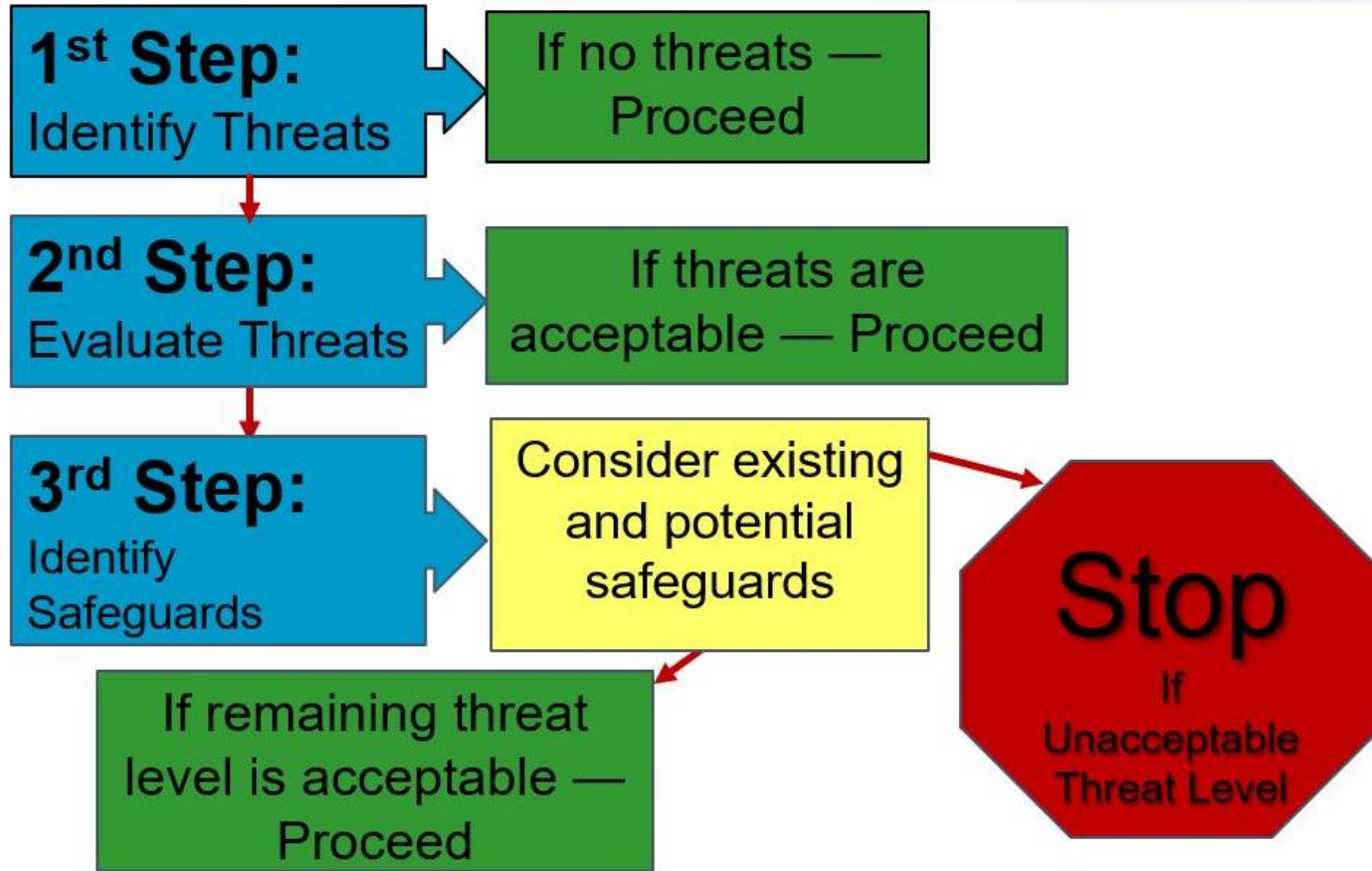
- **AICPA Code of Professional Conduct**
- **AICPA Professional Ethics Division – Conceptual Framework Tool**
- **AICPA Course – Ethics in the World of AI: An Accountant’s Guide to Managing the Risks**

AICPA Ethical Framework

AICPA Code of Professional Conduct – Core Ethical Principles

Principle	Description	AI & Automation Implications
Integrity (§0.300.040)	Honest and candid conduct	Ensure AI outputs are not manipulated or misleading, “taking shortcuts”
Objectivity (§0.300.050)	Free of bias and conflicts	Guard against algorithmic bias in decision-making
Due Care (§0.300.060)	Competence and diligence	Understand AI tools and their limitations, looking “behind the curtain”
Confidentiality (§1.700.001)	Protect client information	Secure data used in AI models
Professional Behavior (§0.300.070)	Comply with laws and standards	Ensure AI use aligns with legal and regulatory norms

AICPA Ethical Framework



ET 1.000.010 Conceptual Framework for Members in Public Practice

AICPA Ethical Framework

The Code of Professional Conduct identifies 7 threats that could compromise a CPA's compliance with the AICPA code of professional conduct. These 7 categories should be considered in assessing the risk of noncompliance relative to a specific fact pattern.

1. Adverse Interest
2. Advocacy
3. Familiarity
4. Management Participation
5. Self-Interest
6. Self-Review
7. Undue Influence

AICPA Ethical Framework

Ethical Challenges Introduced by AI

- **Bias in Algorithms** → Violates Objectivity (§0.300.050)
- **Data Privacy Risks** → Breaches Confidentiality (§1.700.001)
- **Opaque Decision-Making** → Undermines Integrity (§0.300.040)
- **Accountability Gaps** → Challenges Due Care (§0.300.060)
- **Job Displacement** → Raises broader professional behavior concerns (§0.300.070)

AICPA Ethical Framework

Ethical Safeguards

- **Conduct regular audits of AI systems (Due Care)**
- **Ensure explainability and transparency (Integrity)**
- **Train accountants in AI ethics and data literacy (Professional Behavior)**
- **Use diverse datasets to reduce bias (Objectivity)**
- **Establish clear accountability frameworks (Due Care)**

AICPA Ethical Framework

Regulatory Considerations

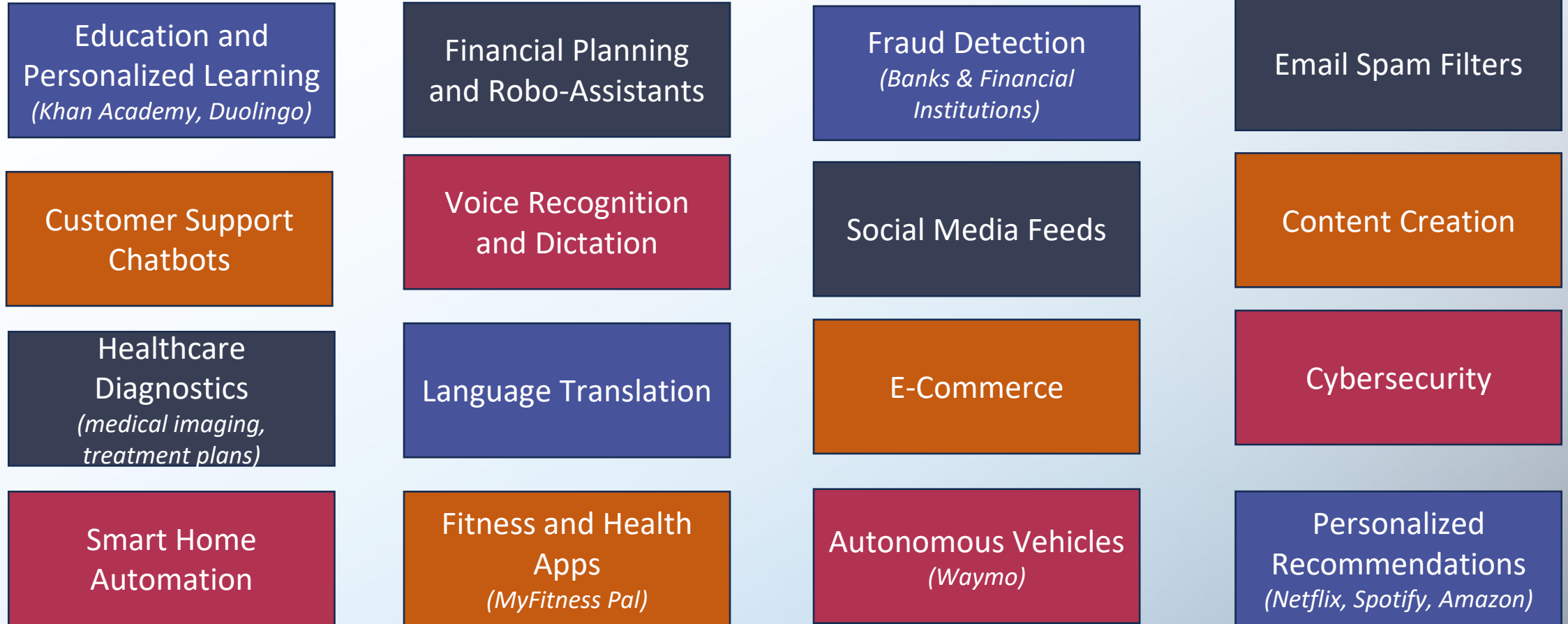
- **AICPA Statements on Standards for Attestation Engagements (SSAE)**
- **SOC 2 Reports: Trust Services Criteria for AI and Automation Systems**
- **Data Protection Laws:**
 - GDPR – General Data Protection Regulation in the EU**
 - CCPA – California Consumer Privacy Act of 2018**
- **SEC & PCAOB Guidance: AI in financial reporting and Audit**



Real Life Examples



AI Real Life Examples



Real Life Examples

Self-Review Threat – AI-Assisted Audits

- **Scenario:** A CPA uses an AI-powered auditing tool that automatically flags anomalies in financial statements.
- **Ethical Risk:** Overreliance on AI outputs may compromise objectivity.
- **Safeguard:** Independent review of AI-generated findings by human auditors. Audits require human judgment for critical decisions.
- **Documentation:** Has the CPA documented their validation of the algorithm, their understanding of how it identified anomalies, and their conclusion on it being a reliable tool?

What does your organization rely upon AI and automation to accomplish?

Are you ensuring objectivity?

Real Life Examples

Due Care – Data Confidentiality

- **Scenario:** A CPA uses cloud-based tools in the conduct of business, both for processing and for data storage
- **Ethical Risk:** A breach inadvertently exposes client data (who is responsible?)
- **Safeguards:** Review of security at service provider (ongoing), contractual terms, clarity with customers, appropriate insurance
- **Documentation:** What evidence do you retain to validate that you’ve “done the right thing” with regards to the tools you are relying on?

Can you name all of the tools your organization uses? Do you know where each of them hosts your data (or your client’s data)?

Real Life Examples

Advocacy Threat – AI Implementation Recommendations

- **Scenario:** A CPA promotes an AI-driven financial forecasting system without ensuring accuracy.
- **Ethical Risk:** Acting as an advocate may impair objectivity.
- **Safeguard:** Evaluating evidence supporting AI effectiveness and disclose potential limitations.

How is your organization ensuring effectiveness and objectivity of AI tools?

Real Life Examples

Familiarity Threat – Long-Term AI Vendor Relationships

- **Scenario:** A CPA repeatedly engages with the same AI software provider for analysis.
- **Ethical Risk:** Bias toward vendor recommendation could impair objectivity.
- **Safeguard:** Vendor management policies, independent assessments, checks and balances.

How is your organization ensuring long-term vendors are appropriate?



Emerging Ethical Considerations



AI Relevance to Ethical Principles

- **Responsibilities & Public Interest:** AI decisions should complement professional judgment, protecting stakeholder trust.
- **Integrity:** CPAs must not blindly accept outputs from AI or automation tools without critical evaluation.
- **Objectivity & Independence:** Safeguards, such as staff rotation and independent validation, mitigate AI and automation related biases.
- **Due Care:** Continuous learning about AI and automation technologies is essential to maintain competence.

Emerging Ethical Considerations

- **Transparency:** Lack of information and transparency into the AI or automation process.
- **Data Security and Privacy:** handling of sensitive data and transparent AI policies.
- **Job Displacement and Workforce Changes:** Automation and AI have already started replacing jobs in various industries.
- **Bias and Fairness:** AI systems can be trained on biased data. Requires diverse and representative datasets.
- **Accountability and Liability:** When AI systems make errors or cause harm, ensuring appropriate corrective actions can be taken.

Emerging Ethical Considerations

Key Questions You Should Be Asking

- **Can you rely on AI Outputs without human review?**
- **What is the risk of AI tools creating bias or misleading results?**
- **How is client data being used, stored and/or shared when fed into AI based tools?**
- **Who is responsible when AI makes a mistake?**
- **What policies should / do you have in place to govern and guide the use of AI in your organization?**
- **What do you do when the algorithm says everything is correct, but your instinct says something is off?**



Questions?



Contact Information



Michael Hoffner,
CPA
Managing Partner

mhoffner@macpas.com

717-972-5756



Janice Snyder, CPA
Partner & Director of
Assurance

jsnyder@macpas.com

717-972-5715



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